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GENERAL

1. Situation in Iran termed "especially dangerous"--US Embassy Moscow views the current situation in Iran as "especially dangerous" and believes the USSR will be quick to exploit the situation. The Embassy adds that the fall of Iran to the USSR would have an extremely depressing effect on the entire Middle East. As possible remedial action, the Embassy suggests that surplus US foodstuffs, clothing, and medicines be distributed in Iran and that a "high calibre" American be sent to Iran to prepare a list of urgent projects for submission either to the Export-Import Bank or to the US Congress. The Embassy comments that such a visit, properly publicized, would have a heartening effect in Iran and would notify the USSR that the US does not propose to let Iran fall into Soviet hands by default.
2. Views on German unity issue--US Embassy Moscow expresses the opinion that the Western Powers must seriously reckon with the possibility of a Soviet move to conclude a "phony" separate peace treaty with the German Democratic Republic (GDR) and must pursue an active role in promoting German unity. The Embassy points out that the recent foreign policy speech by GDR Foreign Minister Dertinger suggests that the USSR would conclude a separate peace treaty after further "legitimization" of the claim that the GDR and National Front speak in the name of all Germany.

(CIA Comment: CIA believes the USSR is unlikely to conclude an early separate peace treaty with the GDR unless the Western Powers conclude a separate treaty with the Bonn Government in the near future.)

State Dept. review completed

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T O P S E C R E T

EUROPE

3. **BELGIUM:** Cabinet split over Leopold question--US Embassy Brussels has been informed that the Belgian Cabinet is badly split over the question of the return of King Leopold, following the results of the "popular consultation" on 12 March 1950. The Embassy has also learned that Premier Eyskens, who has flown to Geneva to discuss the problem with the King, will threaten to resign if Leopold does not abdicate. The Embassy's source believes the chances of civil disturbances over the issue of Leopold's return are not great.

(CIA Comment: CIA anticipates that the present political uncertainty in Belgium resulting from the Leopold question will not be resolved for some time.)

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